

SUBJECT: Explanation of USTRANSCOM Airlift Rates

CURRENT RATE STRUCTURE

- Public Law requires tiered rates for various users of the Defense Transportation System
 - Department of Defense (DOD) rates apply to all DOD agencies (e.g., Services, DLA) as well as some foreign countries and NATO pursuant to international agreements, Coast Guard if activated under DOD by Presidential Declaration, Noncombatant Evacuation Operations for only force protection related costs and not general population evacuation, Central Intelligence Agency (if SECDEF determines that those military airlift services are provided for activities related to national security objectives), and Department of State (DOS) for the transportation of armored motor vehicles to a foreign country to meet requirements of the DOS for armored motor vehicles associated with overseas travel of the Secretary of State in that country.
 - Non-DOD U.S. Government rates apply to other Federal Agencies (e.g., DOS, FBI, and Non-Appropriated Fund Instrumentalities)
 - Non U.S. Government rates apply to all other customers (e.g., contractors, Foreign Military Sales, and foreign contractors/governments)
- Costs incurred by the Transportation Working Capital Fund (TWCF) include: aircraft operations (including fuel, aircraft maintenance/repair, commercial airlift contracts); facility operations (utilities/repairs of maintenance hangars, passenger/cargo terminals, etc); manpower (civilian and contractor support--does not include military pay/benefits); travel, information technology, and general and administrative costs.
- Differences between rates
 - **DOD Rates.** These are commercially benchmarked and do not recover the full cost to the TWCF. Air Force funds the difference between the total TWCF cost and total commercially-benchmarked revenue.
 - **Non-DOD U.S. Government Rates.** Public Law (Economy Act) requires recoupment of costs to the DOD. This includes all costs incurred by TWCF, as noted above, as well as military personnel costs (which are not incurred by TWCF).
 - **Non U.S. Government Rates.** Public Law (Arms Export and Control Act) requires recoupment of the same costs as in the Non-DOD rate, plus certain civilian labor costs (fringe benefit costs for unfunded civilian retirement, post-retirement health benefit and post-retirement life insurance costs), and an asset use charge.
- TWCF does not retain the difference between the DOD rate and other rates. The intent of the Law is to preclude augmenting appropriations.

LAW/POLICY GOVERNING RATE STRUCTURE

- Economy Act (Title 31, United States Code, sections 1535 and 1536)

- Arms Export and Control Act (Title 22, United States Code, section 2761)
- Acquisition and Cross Servicing Agreements and Cooperative Military Airlift Agreements (Title 10, United States Code, sections 2342 and 2350c, respectively) and international agreements concluded pursuant to these statutes
- DOD Financial Management Regulation (FMR) volume 4, chapter 3, paragraph 302, "Definitions"
- DOD FMR volume 11A, chapter 1
 - Paragraph 0102, subparagraph G, "Asset Use Charge" and paragraph 010203, "General Rules for Determining Amounts to be Reimbursed."
 - Addendum 1, "Appropriated Funds Cross Reference of Pricing Elements by Types of Sales."
- DOD FMR volume 11B, chapter 11
 - Paragraph 110109, "Billing Standard."
 - Annex 1, "DWCF Costing Elements by Types of Sales."

CONTACT INFORMATION

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